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April 14, 2003

Mr. David McClanahan
Energy and Water Division
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243-0505

Re: Atmos Meter Estimation Program Petition, Docket No. 03-00189

Dear Mr. McClanahan:

Atmos Energy Corporation is responding to the request made by Director Miller at the April 7, 2003 agenda conference. Director Miller requested that the Company provide information regarding the financial impact of the proposed meter estimation program. Director Miller asked that we submit this additional information by April 14, 2003.

The objective of the proposed meter estimation program is to improve workforce efficiency and customer service, not to reduce operating expenses. Atmos is experiencing very high growth in Middle Tennessee, especially in the Columbia, Franklin, Murfreesboro, and Shelbyville areas. Approximately 3,000 new homes are built each year in the Middle Tennessee area. Due in part to the high growth rate, the Company has had to bring in employees from other states on a temporary basis to assist with service related work in the area, such as installing new meters, main extensions and service lines, performing turn-ons and turn-offs, and responding to customer leak inquiries. In addition, it is likely that without the meter estimation program, the Company would need to hire more meter readers in the future to make sure all the new meters being installed are read on a monthly basis.

The Company currently has 14 meter readers in Tennessee. The meter estimation program will allow the Company to reassign approximately half of those meter readers, or around 7 employees, to the customer service related tasks mentioned above. No employees will be fired or laid off as a result of the meter estimation program. Therefore, the Company will not realize any direct reduction in operating expenses as a result of the meter estimation program.

The meter estimation program will, however, allow the Company to avoid potential costs. Upon implementation of the estimation program, the Company will immediately gain approximately 7 employees to assist in customer service operations. These reassigned meter readers will fill a need the Company has in the customer service area, especially in Middle Tennessee. The reassigned employees will allow the Company to respond more quickly to customer inquiries and turn-on/turn-off requests, reduce the wait period for installation of new meters, and generally improve customer service. If the Company were to hire seven new employees to perform these duties, the costs would be as follows:

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Representative Office, BDBC International, LLC

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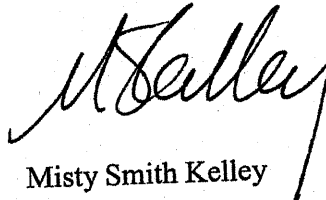
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| Seven employee salaries of \$21,100 | \$147,700 |
| Benefits for seven employees | \$62,000 |
| Vehicles for seven employees | \$105,000 |
| Transportation cost @ \$.36/70,000 miles | \$25,200 |
| TOTAL | \$339,900 |

Therefore, the Company is avoiding a potential cost of \$339,900 through implementation of the meter estimation program. In addition, many of the meter readers being reassigned are already qualified as service technicians, and will be able to complete customer service tasks with little or no additional training costs to the Company. The meter estimation program also has the potential for reducing the Company's need for outside contractors and temporary use of out-of-state employees, which would result in additional avoided costs.

The meter estimation program will allow the Company to improve customer service and workforce efficiency and avoid potential costs in the future, but, because all displaced meter readers will be reassigned, the program will not result in a direct reduction in the Company's operating expenses.

If you have any further questions or need any further information, please do not hesitate to contact me at 423-209-4148 or by e-mail mkelley@bdbc.com.

Sincerely,



Misty Smith Kelley

MSK:klc

cc: Director Sara Kyle
Director Pat Miller
Director Deborah Tate
Director Ron Jones
Joe Conner
Patricia Childers
Roger Nash